



## CONTACT

For more information please  
contact Jeff Frost and Laura  
Wasco at Ball/Frost Group, LLC

jeff@ballfrostgroup.com  
laura@ballfrostgroup.com

<https://www.ballfrostgroup.com/>

## Mental Health Services for Students

### Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)

#### *Services & Funding Can Help Meet Student Mental Health Needs*

Early and Periodic Screening, Diagnostic and Treatment (EPSDT) services is the Medicaid program that provides federal funds that can be used for a comprehensive array of prevention, diagnostic, and treatment services for low-income infants, children, and adolescents under age 21, as specified in Section 1905(r) of the Social Security Act. It is an uncapped federal entitlement program.

The EPSDT benefit is designed to assure that children receive early detection and care so that health problems are averted or diagnosed and treated as early as possible. According to the California Department of Health Care Services, “EPSDT services are key to ensuring that infants, children, and youth receive age-appropriate preventive services, including screening for medical, dental, vision, hearing, and mental health, and for substance use disorders, as well as receiving developmental and specialty services.”<sup>i</sup> In California, county behavioral health departments are required to provide EPSDT services to all Medi-Cal eligible children.<sup>ii</sup>

## THE OPPORTUNITY

Young people are most prepared to learn when they are physically and mentally healthy. As Randall Reback highlighted in the recent Getting Down to Fact II report, Investment in Students’ Physical and Mental Health in California’s Public Schools, “Research shows that poor health in childhood adversely affects future success and that children in lower-income households are more likely to suffer health problems. Improvements in child health can lead to higher future economic growth and can improve the upward mobility of children from low-income families.”<sup>iii</sup>

California has approximately 11.3 million young people under the age of 21.<sup>iv</sup> More than 6 million of those young people are currently served by the state's TK-12 system. While districts and local educational agencies (LEAs) are well-positioned to deliver services covered by EPSDT, there is currently no way for LEAs or Special Education Local Plan Areas (SELPA) to directly access EPSDT funding.<sup>1</sup> County behavioral health departments receive funding distributions to provide children with EPSDT services but are not required to work with LEAs or SELPA to provide services at school sites or through school districts.<sup>v</sup> As a result, too few county behavioral health departments have working relationships with school districts to provide these critical services.

**The state should take action to ensure LEAs and SELPA can directly access EPSDT funding to provide eligible services. Allowing LEAs and SELPA to tap into federal dollars to provide EPSDT services would allow California to access a greater share of federal Medicaid funding and would allow the state to redirect general fund dollars that are currently used to fund these services through LEAs and SELPA to other uses.**

## **BACKGROUND ON CALIFORNIA'S EPSDT FUNDING**

The EPSDT Medi-Cal funding has always been part of the total funding package for serving the mental health needs of individuals with disabilities and children who are Medi-Cal eligible. EPSDT provides eligible children access to a range of mental health services that include but are not limited to: mental health assessment; individual and group therapy; rehabilitation; mental health services; medication support services; day rehabilitation; intensive day treatment; crisis intervention and stabilization; targeted case management; and therapeutic behavioral services.

Due to a voter-passed initiative that requires the state to fully fund or suspend the operation of legislative mandates on local governments including cities, counties and special districts, the Brown Administration sought to restructure the state's mental health funding program. In 2011, the state shifted 100% of the mental health service responsibility from county behavioral health departments to local education agencies. Importantly, in making this change, the state shifted more than \$400 million of federal and state dollars to the Prop 98 side of the state budget to serve the mental health needs of students but did not provide LEAs with direct access to the EPSDT funding. This is problematic because EPSDT funds have historically been part of the funding source to serve this population. The result is that state funds are used for services provided by LEAs and SELPA that might otherwise be funded through EPSDT.

<sup>1</sup> SELPA facilitate high quality educational programs and services for special needs students and training for parents and educators. Each SELPA collaborates with county agencies and school districts to develop and maintain healthy and enriching environments in which special needs students and families can live and succeed.

Currently, there is no state policy or direction on how an LEA or SELPAs can seek direct access to the Medi-Cal EPSDT funding through county managed care. Instead, it is up to each individual LEA or SELPA to negotiate directly with their county behavioral health department to access these funds. The county behavioral health department determines at the local level whether they want to partner with the LEA or SELPA to provide EPSDT services or if they want to “vendorize” or certify that that LEA or SELPA can bill Medi-Cal under the EPSDT program. This creates an unnecessary hurdle for many LEAs and SELPAs across the state. When LEAs and/or SELPAs and county behavioral health departments cannot resolve disputes, the default is current law: county behavioral health departments must provide medically necessary services; LEAs and SELPAs are responsible for mental health services that are necessary in order for the student to access and benefit from their educational program. Under current law, there is no appeals or mediation process when these two agencies do not agree on mental health services through the EPSDT program.

### **RECOMMENDATION – AUTHORIZE LEAS AND SELPAS TO ACCESS EPSDT DIRECTLY**

It is in the State’s best interest to use federal funding to serve the needs of eligible recipients, regardless of where the service is provided (whether the services are offered by a county behavioral health department, LEA, or SELPA.) When LEAs and SELPAs cannot consistently use EPSDT dollars, California leaves these federal dollars on the table.

The California Department of Health Care Services has an opportunity to play a managing role in the EPSDT process and help ensure that the children entitled to these services have the option of accessing these services through their local school district, and that LEAs and SELPAs have the ability to access the EPSDT funds directly to pay for the services.

If LEAs and SELPAs are able to draw down federal reimbursement to provide EPSDT services to these eligible Medi-Cal students, then these federal EPSDT dollars can help offset some of the General Fund dollars currently used to cover the required services to students. This option would bring in more federal funds to the state to serve the mental health needs of these school age children and adolescents.

The following policy options could address the lack of LEA and SELPA access to EPSDT services and funds. The graphic on the following page depicts these options.

### **OPTION 1: SUPPORT THE STATE AUDITOR'S RECOMMENDATION ON EPSDT.**

The Legislature could support the California State Auditor's Recommendation on EPSDT which was released in 2016.

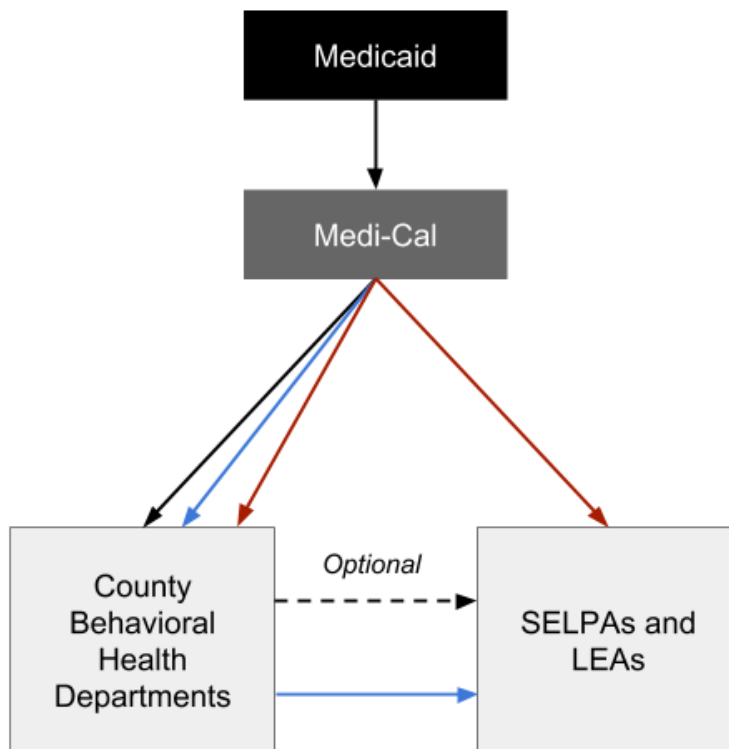
At the request of Senator Jim Beall, the Joint Legislative Audit Committee commissioned the California State Auditor to audit special education mental health services provided to students through Individualized Education Plans (IEPs).<sup>vi</sup> The audit report focused on four LEAs and how they handled the transition of mental health services under AB 114 (Committee on Budget, Chapter 43, Statutes of 2011). One of the key recommendations of the audit report supports LEA and SELPAs direct access to EPSDT funds:

"The Legislature should amend state law to require counties to enter into agreements with SELPAs to allow SELPAs and their LEAs to access EPSDT funding through the county mental health plans by providing EPSDT mental health services. If individual counties can demonstrate good reason why this type of arrangement is not possible or beneficial, the amended law should allow the counties to opt out of the collaboration by seeking a time-limited waiver from Health Care Services. The Legislature should require Health Care Services to make a final determination as to whether counties will be allowed to opt out of the required collaboration. The Legislature should require counties seeking a waiver to specify what barriers exist to working with SELPAs and their LEAs and how the county is attempting to remove those barriers."

### **OPTION 2: AMEND CALIFORNIA'S STATE MEDI-CAL PLAN.**

Under Federal law, 1915 (b) Managed Care Waivers are one of several options available to States that allow the use of Managed Care in the Medicaid Program. California's State Medi-Cal plan currently has a 1915 (b) Managed Care Waiver that designates County Mental Health Plans (MHPs) as the responsible agency for funding and providing EPSDT mental health services to Medi-Cal eligible children who meet program requirements.

The state could expand this designation to also permit LEAs and SELPAs as eligible service providers of EPSDT. California's current 1915 (b) Managed Care Waiver is authorized for a five-year period – July 1, 2015 through June 30, 2020.<sup>vii</sup> California will need to submit a 1915 (b) waiver to the Federal Government before June 30, 2020. California could submit a 1915 (b) Waiver that designates County Mental Health Plans (MHPs), LEAs, and SELPAs as eligible service providers of EPSDT. It is in the State's best interest to submit a 1915 (b) waiver that meets the changing mental health needs of families and students and looks towards developing and funding school-based teams who provide direct mental health services to students.



**Current: Local Coordination Required for LEA/SELPA Access to EPSDT.** → - - →

Federal Medicaid funds are transferred to California. Medi-Cal funds the EPSDT program, and county behavioral health departments provide EPSDT services. County behavioral health departments can develop individual county-level agreements with LEAs and SELPAs. Many LEAs and SELPAs across the state are unable to access EPSDT funding that could pay for the services they are required to provide.

**Option 1: Support the State Auditor's Recommendation on EPSDT.** →

Amend state law to require counties to enter into agreements with LEAs/SELPAs to allow LEAs/SELPAs to access EPSDT funding.

**Option 2: Amend California's State Medi-Cal Plan.** →

Update California's 1915 (b) Managed Care Waiver to allow LEAs and SELPAs to directly access EPSDT funding.

## PAST LEGISLATIVE EFFORTS

The legislature has tried to expand the types of entities that can provide services and receive reimbursement under EPSDT through AB 2212 (Gray) in 2014, AB 1018 (Cooper) in 2015, and SB 1113 (Beall) in 2016. The measures did not have the support of the Department of Health Care Services or the prior Administration. With new state leadership in the legislature, California Department of Education and the executive branch, it is time to revisit this opportunity.

## CONCLUSION

Awareness and understanding of student mental health is growing and the need is rising. Schools have seen recent increases in rates of depression, stress, and suicide attempts by students.<sup>viii</sup> Available resources, such as EPSDT, are critical to schools' ability to meet needs and to successfully address student needs. This is an opportunity for state leadership to bring agencies together for the benefit of California's children and youth.

For more information please contact Jeff Frost and Laura Wasco at Ball/Frost Group, LLC, [jeff@ballfrostgroup.com](mailto:jeff@ballfrostgroup.com) and [laura@ballfrostgroup.com](mailto:laura@ballfrostgroup.com).

## REFERENCES

- i. Medi-Cal Coverage for EPSDT. California Department of Health Care Services.  
<https://www.dhcs.ca.gov/services/medi-cal/Documents/Medi-Cal-Coverage-for-EPSDT.pdf>
- ii. According to the United Advocates for Children of California, California Mental Health Directors Association, California Alliance, California Mental Health Advocates for Children and Youth, Medi-Cal specialty mental health services are funded with a mix of federal, state, and county funds. The federal government pays approximately fifty percent of the costs of Medi-Cal specialty mental health services. County mental health departments pay the fifty percent match, pursuant to Realignment I, up to the adjusted fiscal-year 1994-95 baseline of expenditures for specialty mental health services (i.e., the EPSDT baseline). The State Department of Mental Health receives State General Funds to pay the fifty percent match for costs that exceed the EPSDT baseline. In 2002, in an effort to ensure that counties had an “incentive” to control costs, the Administration imposed an additional 10% county share of cost on growth in the EPSDT program.
- iii. Getting Down to Facts II. Investments in Student Health and Mental Health in California’s Public Schools.  
[https://gettingdowntofacts.com/sites/default/files/2018-09/GDTFII\\_Report\\_Reback\\_1.pdf](https://gettingdowntofacts.com/sites/default/files/2018-09/GDTFII_Report_Reback_1.pdf)
- iv. U.S. Census Bureau (2017). American Community Survey 1-year estimates. Retrieved from Census Reporter Profile page for California.  
<https://censusreporter.org/profiles/04000us06-california/>
- v. Investments in Student Health and Mental Health in California’s Public Schools.  
[https://gettingdowntofacts.com/sites/default/files/2018-09/GDTFII\\_Report\\_Reback\\_1.pdf](https://gettingdowntofacts.com/sites/default/files/2018-09/GDTFII_Report_Reback_1.pdf)
- vi. California State Auditor Report 2015-112. Student Mental Health Services. Some Students’ Services Were Affected by a New State Law, and the State Needs to Analyze Student Outcomes and Track Service Costs.  
<https://www.bsa.ca.gov/pdfs/reports/2015-112.pdf>
- vii. Centers for Medicare & Medicaid Services approval letter of California’s 1915 (b) waiver.  
[https://www.dhcs.ca.gov/services/MH/Documents/Ltr\\_1915-b\\_Waiver\\_Amend\\_01\\_10\\_14.pdf](https://www.dhcs.ca.gov/services/MH/Documents/Ltr_1915-b_Waiver_Amend_01_10_14.pdf)
- viii. Center for Disease Control. Suicide Among Youth.  
<https://www.cdc.gov/healthcommunication/toolstemplates/entertainmented/tips/SuicideYouth.html>